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STANDARD FORM NO. 10

Office Memorandum • UNITED STATES GOVERNMENT

TO : Acting Comptroller

DATE: NOV 19 1953

FROM : Chief, Technical Accounting Staff

SUBJECT: Memorandum 6 November 1953 re Report by Auditor-in-Chief on 'Round the World Inspection Trip 7 May to 11 October 1953

In accordance with your request for comments and recommendations, the following observations relate to the numbered comments in the subject report.

Paragraphs 1 and 2:

The decentralization of responsibility for operations of individual projects to field personnel would appear to have merit and ways and means should be studied for simplifying the present requirements consistent with maintenance of necessary controls.

Paragraph 3:

The report does not specify the types of vouchers which the DD/P operating divisions require to be submitted to headquarters for review and approval. Where special directions are given to a field station to make disbursements of funds for operations actually being conducted at headquarters, such as purchases of special types of materials, the vouchers probably should be T/A'd to headquarters for approval and recordation. The Auditor-in-Chief, however, should be requested to advise specifically the types of vouchers to which his comment relates.

Paragraph 4:

We should send copies of administrative plans to affected field stations. In addition where there is any question possible by the field station as to the extent of its responsibility for maintaining records or performing other budget or fiscal functions, a dispatch probably should be prepared by the Finance Division outlining the specific responsibilities of the station.

Paragraph 5:

This criticism of headquarters is probably well deserved and the proposed solution should prove beneficial; however, in view of the time required in the transmittal of dispatches to and from headquarters, it might be preferable to establish a 45 or 60 day period, rather than a 30 day period before the failure to reply is reported to headquarters.

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Paragraph 6:

The adoption of such a suggestion for strengthening the effectiveness of the O&M Service warrants serious consideration as it might have undesirable results. If the Agency component served by O&M is required to report to top Agency officials concerning the action taken with respect to each O&M recommendation, any present tendency toward ignoring the O&M report might be diminished. On the other hand, the establishment of a requirement that all O&M recommendations be reviewed by, or come under the surveillance of, the top officials of the Agency, might result in a reluctance on the part of the various Agency components to request the services of the O&M staff.

Paragraph 7:

This comment has no value to this Office as there are no specific examples of (a) inadequacies found to exist in the control of funds or (b) areas in which the overall Agency fiscal system is unsound. Also, we know of no instruction now being prepared for promulgation to the field which will cure the alleged weaknesses; however, a revised Class A station accounting procedure now nearly ready for release may be the instruction to which reference is made.

Paragraph 8:

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It is not clear from the comment as to the type of certificates which were found to have been falsified. This may relate to certificates required to justify the absence of receipts in cases where it is determined impossible to obtain a receipt [redacted] Further explanation of this comment apparently should be obtained.

Paragraph 10:

Subject to coordination with operating divisions in headquarters with respect to the volume of administrative work the field station personnel can assume, appropriate field reporting techniques should be developed and made effective. This reporting phase should be included when the contemplated decentralization of accounting to Class A stations is accomplished.

Paragraph 11:

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If the Monetary Branch of the Finance Division is not at present maintaining current control over currency requirements of all field stations, the subject recommendation apparently should be adopted. The recommendation emphasizes the necessity for reviewing [redacted] plans on a semi-annual basis in order to assure that the necessary currencies are on hand at the stations to meet the requirements of these plans. The periodic review of overall station currency needs should be inclusive of [redacted] plan currency requirements and a separate review of the funding aspects of these plans would not seem necessary.

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Paragraph 12:

To the extent feasible the principal accounting officer in large projects should be an Agency appointee approved by the Office of the Comptroller. Perhaps we should secure a listing of all Agency projects with [redacted] stateside headquarters and ascertain with respect to each the propriety of designating Agency Comptrollers or principal accounting officers to represent our interest.

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Paragraph 13 a:

The determination made to make audits at the site of the operations is the only practicable way to decentralize the audit function and the quarterly performance of the audit at each station should provide sufficiently current audits of activities.

Paragraphs 13 b, c, and d:

These comments seem to carry criticisms of the Office of the Comptroller for not establishing authorized field certifying officers in every field station. This report acknowledges that this matter is receiving study by the Office of the Comptroller, but fails to recognize the practical aspects of the problem with respect to small stations.

Recommendation No. 12:

The report itself does not specify that a generally lax compliance was found to exist with respect [redacted] (1), which relates to the safekeeping of Agency funds [redacted] regarding monthly accounting for advances. The responsibility for issuing a bulletin on these subjects would ~~apparently~~ be that of this Office but this could be accomplished more objectively if we were furnished with specific examples of weaknesses found to exist in these areas. After agreement is reached the Comptroller will prepare an appropriate field notice on this item & Item 8.

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[redacted]

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